

## Message Text

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PAGE 01 LIMA 06162 012020Z

65

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

INT-05 L-03 H-02 SSO-00 NSCE-00 USIE-00 INRE-00 PA-01

PRS-01 /084 W

----- 043039

O 011935Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 6138

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EO 11652: NA

TAGS: EIN, EMIN, PFOR, PE, US

SUBJ: MARCONA EXPROPRIATION - FURTHER EMBASSY REPRESENTATIONS

REFS: LIMA'S 6134,6135,6136

1. I TOOK OCCASION THIS MORNING OF SCHEDULED CALL ON JOINT STAFF CHIEF GENERAL OSCAR VARGAS PRIETO (PRESIDENT OF THE COMANDO CONJUNTO DE LAS FUERZAS ARMADAS) TO DISCUSS WITH HIM MARCONA PROBLEM. VARGAS PRIETO IS ONE OF PERU'S MOST SENIOR AND INFLUENTIAL ARMY GENERAL OFFICERS WITH ACCESS TO PRESIDENT VELASCO AND ATTENDS WEEKLY CABINET MEETINGS. IN INTELLIGENCE, UNDERSTANDING INTEGRITY, DISCIPLINE, DEDICATION AND SENSE OF RESPONSIBILITY, I FIND VARGOS PRIETO ON PAR WITH PRIME MINISTER MORALES BERMUDEZ.

2. HE TOOK IMMEDIATE, KEEN INTEREST IN MARCONA PROBLEM AND READILY PERCEIVED DANGERS THEREIN TO RELATIONS BETWEEN OUR TWO COUNTRIES AND THREAT TO FUTURE OF OTHER ACTUAL AND POTENTIAL INVESTORS AND LENDING INSTITUTIONS  
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PAGE 02 LIMA 06162 012020Z

IN PERU. HE SAID THAT PRESIDENT VELASCO WOULD NOT

WANT ANY OF THE POSSIBLE NEGATIVE CONSEQUENCES I DESCRIBED TO HIM TO HAPPEN AND ASSURED ME THAT HE WOULD TAKE THE MATTER UP WITH VELASCO AND WOULD RAISE IT AT NEXT TUESDAY'S CABINET MEETING. I LEFT WITH HIM COPIES OF MY LETTER OF JULY 24 TO THEN ACTING FOREIGN MINISTER RICHTER AND OF OUR TWO TALKING PAPERS (SEE REFTELS). I EMPHASIZED THAT IT WAS NOT MY INTENTION TO PREJUDGE THE OUTCOME OF ANY EXPROPRIATION PROCEEDINGS BUT TO ENCOURAGE THE EARLY RENEWAL OF MARCONA/GOP NEGOTIATIONS AND THE ESTABLISHMENT OF ACCEPTABLE PROCEDURE TO DETERMINE COMPENSATION FOR MARCONA AND FOR THE SMOOTH TRANSFER OF REMAINING ASSETS AND LIABILITIES.

3. THROUGH AIR ATTACHE, WHO IS ATTENDING AIR FORCE FUNCTION THIS MORNING, I AM ALSO TRANSMITTING OUR POSITION AND CONCERN TO AIR MINISTER GILARDI.

4. IN ADDITION, A/DCM CALLED ON DIRECTOR SUPERIOR (VICE MINISTER) OF COMMERCE JOSE ESTREMADOYRO MORNING AUGUST 1 AND LEFT WITH HIM COPIES OF MATERIAL GIVEN TO VARGAS PRIETO. A/DCM SAID PURPOSE OF HIS VISIT WAS TO MAKE SURE THAT MINISTRY OF COMMERCE FULLY UNDERSTOOD USG POSITION ON MARCONA EXPROPRIATION AND COULD TAKE THIS INTO ACCOUNT IN ANY ACTIONS MINISTRY MIGHT TAKE. A/DCM SAID COMMERCE MINISTRY SHOULD BE UNDER NO ILLUSIONS AS TO SERIOUSNESS WITH WHICH WASHINGTON VIEWED MANNER OF EXPROPRIATION. MOREOVER, RESORT TO ALLEGATION OF CONTRACT IRREGULARITIES WITHOUT AFFORDING MARCONA CHANCE TO RESPOND (LIMA 6129) RAISED SERIOUS QUESTION WITH RESPECT TO FUTURE GOP POLICY. WOULD SPCC BE NEXT? WHAT ADVICE WOULD ESTREMADOYRO GIVE PROSPECTIVE FOREIGN INVESTOR IF HE WERE SITTING IN EMBASSY? ESTREMADOYRO SAID HE UNDERSTOOD THE POINT.

5. A/DCM SAID PRINCIPAL OBJECTIVE WAS TO GET TWO SIDES TALKING AGAIN WITH PURPOSE OF REACHING AMICABLE AGREEMENT. IN MEANTIME, MARCONA STOOD READY TO ASSIST HIERRO PERU IN EVERY WAY POSSIBLE TO EASE TRANSITION PERIOD. SENIOR MARCONA OFFICIAL JAMES COMPTON IS IN LIMA AND WOULD BE PREPARED TO MEET GOP OFFICIALS AT ANY TIME. ESTREMADOYRO LIMITED OFFICIAL USE

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PAGE 03 LIMA 06162 012020Z

SAID HE APPRECIATED A/DCM'S VISIT AND WOULD STUDY MATERIAL. HE PROMISED TO INFORM COMMERCE MINISTER ARIAS FULLY. A/DCM HAS REQUESTED APPOINTMENTS WITH DIRECTORS SUPERIOR OF FINANCE AND MINES MINISTRIES TO CONVEY SAME MESSAGE. DEAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 AUG 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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